

AU/ACSC/VARGA/AY14

AIR COMMAND AND STAFF COLLEGE

AIR UNIVERSITY

**INFLUENCE OF ECONOMIC ISLAMIZATION:  
ECONOMIC MISMANAGEMENT & HUMAN RIGHTS ABUSES IN IRAN**



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A Research Report Submitted to the Faculty

In Partial Fulfillment of the Graduation Requirement

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Maxwell Air Force Base, Alabama

April 2014

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## **Abstract**

This research paper examines how Iran's economic policies, not US-imposed sanctions, have directly led to the decline in the population's economic and social rights. More specifically, it analyzes the transformation of the regime's economic practices through the post-Revolutionary period and the casual effect of these reforms on the population's ability to achieve basic human rights. It then summarizes the economic sanctions imposed against Iran since the Carter administration and highlights the ineffectiveness of the United States' application of these sanctions. Finally, this paper addresses concerns expressed by critics of the sanctions through the analysis of first-person testimonials and studies conducted by non-profit human rights organizations.

For the last 30 years, sanctions have been levied against Iran's trade and oil industry; however, these unilaterally imposed sanctions have been largely ineffective due to the world's growing demand for oil, and companies circumventing the restrictions through the use of subsidiaries. In actuality, Iran's economic policies have caused as much or more damage to the fiscal health of the country. They have weakened the country's ability to endure more restrictive sanctions or even, ease the impact of fluctuating global market conditions. Additionally, the Iranian regime's corrupt economic practices and discriminatory distribution of hard currency have worsened the impact of the sanctions on the general populace by intentionally transferring costs to the consumers, devaluing the local currency, increasing income inequality, and ultimately, diminishing the population's ability to enjoy basic economic and social rights. To improve its human rights situation, the regime must diversify its economy while reducing corruption and discrimination and re-directing resources towards education, industry modernization, agricultural development, and healthcare.

## **Introduction**

For the last 30 years, human rights organizations have continuously and publicly pressured the United States to reduce the economic sanctions imposed on Iran due to their belief that the sanctions have been primarily responsible for the human rights violations in the country. In actuality, the regime's economic practices and mismanagement of the hard currency earned from oil exports have arguably caused as much or more damage to human rights than the consolidated effects of US-imposed sanctions. Prior to 2012, the sanctions were ineffective and had minimal influence on Iran's economy and basic human rights. In 2012; however, in response to Iran's continued pursuit of a nuclear weapons program, other United Nations member states began to support stronger sanctions at the international level, such as freezing bank accounts and refusing to allow Iran to process payments for oil. This international support has created an increased demand for hard currency transactions within Iran and has impeded the country's ability to pay for critical imports. Unfortunately for the majority of the population, the government and wealthy-elite control access to the country's limited supply of hard currency, and they discriminate against the poor and middle-class. Therefore, the regime's mismanagement of oil revenues and corruption have averted resources from the needs of the poor and middle-class and drastically reduced their access to elements for survival, such as housing, a balanced diet, or adequate healthcare.

Since the 1979 revolution, the Iranian government has increased access to water, electricity, and transportation in rural areas. Additionally, it has improved child mortality rates and educational opportunities for both men and women. However, the regime's politically motivated and corrupt economic practices have directly contributed to economic inequality. This, in turn, has weakened the economy, made it highly susceptible to sanctions, and ultimately,

constrained the population's economic and social rights. The political corruption of the Iranian legal system has deliberately favored the affluent over the middle-class and poor, caused human rights abuses, trapped millions in poverty without access to healthcare and education, and deprived laborers of their wages. Therefore, in the last 30 years, economic mismanagement has amplified the population's suffering and further aggravated the human rights situation. In order to improve the economic and social rights in Iran, the regime must drastically change its policies to allow greater economic freedom, reduce corruption within the government, and ease the economic burden on the population.<sup>1</sup>

### **Political Rights versus Economic and Social Rights**

For centuries, the concept of human rights has been an on-going debate between Western scholars and Islamic religious leaders. The Office of the High Commissioner of Human Rights defined human rights as, "rights inherent to all human beings, whatever our nationality, place of residence, sex, national or ethnic origin, color, religion, language, or any other status."<sup>2</sup> Human rights are thus, universal, inalienable, independent, and not subject to discrimination. Islamic religious leaders, on the contrary, believe in the harmony between "rights and duties and also the pervasiveness of the Divine Law (the *Shari'āh*) . . . [which is] both the source of legitimacy for and a guarantor of human rights."<sup>3</sup> In other words, in the Muslim world, individual human rights are not realized in the absence of Islamic traditions and beliefs; and are, therefore, only applicable to those who conform to the divine law.<sup>4</sup> For example, the *Tehran Times* articulated this concept in an editorial written after a United Nations special representative on human rights visited Iran in 1996. The editorial stated, "Criteria for human rights are respected by everyone; however, any judgment on the situation of human rights in a country should be harmonious with

the nation's culture, religion and traditions.”<sup>5</sup> In his article, *Islamic Thinking and the Internationalization of Human Rights*, Mahmood Monshipouri further explained that disparities in religious thinking and cultural misunderstanding create the underlying tension between these two fields of thought; although both perspectives, scholars have theorized, originated from the “first bill of human rights,” the Cyrus Cylinder.<sup>6</sup>

For decades, international, non-governmental human rights organizations, such as Human Rights Watch and Amnesty International, have brought to light Iran’s horrendous human rights abuses, to include torture, executions, false imprisonment, and discrimination based on gender, religion, ethnical origin, and political beliefs, as well as, its obstruction of individual economic and social rights. In February 2014, Amnesty International published a written statement to the United Nation’s Human Rights Council urging the council to respond to the crimes against humanity in Iran and reminding them that Iran continues to be “the second highest executioner in the world.”<sup>7</sup> Although, all types of human rights abuses demand immediate and continual efforts to halt abuses and protect citizens, this research paper will focus on the regime’s intentional violation of economic and social rights.

According to Amnesty International, economic and social rights include rights of equal access to employment, education, healthcare, shelter, food, and water.<sup>8</sup> In the last 30 years, the Iranian regime’s economic policies and mismanagement of oil revenues have obstructed the majority of the population’s pursuit of these rights. As such, the Iranian government has directly violated Articles 23, 25, and 26 of the Universal Declaration of Human Rights, which it adopted in 1948. Article 23 stated, “everyone, without any discrimination, has the right to equal pay for equal work,” whereas Article 25 declared, “everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing,

housing, and medical care.”<sup>9</sup> Finally, Article 26 asserted, “everyone has the right to education . . . and higher education shall be equally accessible to all on the basis of merit.”<sup>10</sup> In contrast, although Islam claims to promote egalitarian principles, as Monshipouri notes, it also allows for inequality and discrimination between classes in accordance with the teachings of the Qur’an, which asserts that, “not all persons are equal in gifts and thus, ranks.”<sup>11</sup> Iran has acknowledged the correlation between human rights and economic rights. Nevertheless, by virtue of the Supreme Leader heavily influencing the Iranian government’s domestic policies since the revolution, the regime’s discriminatory and corrupt economic practices have continued to enlarge the gap between the wealthy versus the middle-class and poor by limiting an employer’s ability to pay its workers, and thus crippling the population’s purchasing power and access to basic needs.

### **Evolution of Iran’s Economic Policies**

Due to Mohammad Reza Shah Pahlavi’s failures in governance, as well as his policies and alliances with Western nations, the population rose up in protest, forcing him into exile and leading to the birth of Islamic Republic of Iran. In addition to drastic changes—imposing a theocratic government—the 1979 Revolution sparked a less-publicized revision of economic policies. Jahangir Amuzegar, the former Minister of Commerce and Minister of Finance under the Shah’s rule, stated that “the new leadership’s main task was . . . to delineate the contours of an Islamic social system, and to formulate the essential characteristics of an Islamic economic model.”<sup>12</sup> To do this, Ayatollah Khomeini, the supreme leader, established a political system that included a “democratically elected parliament and president, as well as some unelected political bodies including the supreme leader and judiciary.”<sup>13</sup> According to Barbara Rieffer-Flanagan,

the government submitted a new constitution combining theocratic and republican provision to a populist referendum, which the people ratified in December 1979.<sup>14</sup> Khomeini then pursued self-sufficiency in economic, social, and political affairs and nationalized most foreign-owned properties in an effort to exclude outside influence.

The first two elected presidents of Iran, Bani-Sadr and Rajai, served less than two years and thus, had little, if any, impact on the economic policies implemented in the country. As such, this research paper only analyzes economic policies implemented from 1979 through 2013 by the supreme leader and presidents Khamenei, Rafsanjani, Khatami, and Ahmadinejad.

### **Khomeini and Khamenei**

In an effort to reject Westernized capitalist influence and economic models focused on trade, entrepreneurship, and competitive market conditions, Khomeini and president Khamenei imposed state domination and control over all major industries, foreign trade, communications, banking, and transportation industries.<sup>15</sup> The government also gave national assets to various state-owned charitable foundations, *bonyads*, originally established to provide economic and social services to the underprivileged. Unfortunately, since the wealthy elite operated the majority of the bonyads, and these organizations remain free from public accountability and taxation. They allocate only a small percentage of their resources to help those in need. These acquisitions resulted in the state taking control of approximately 80 percent of the economy, significantly intensifying government inefficiencies and corruption, diverting oil revenues from industrial and agricultural development, and obstructing privatization.<sup>16</sup>

Moreover, Khomeini's campaign to spread Islam led him to enthusiastically encourage childbearing. This policy, along with the improvement of healthcare and child mortality rates,

quickly led to a spike in the Iranian population, especially in the younger generation. The significant increase in a young, highly educated population combined with stagnant economic growth and opportunities resulted in uncontrollable, rising unemployment rates, and consequently, an irreversible brain drain, which still affects Iran's industrial and educational sectors today.<sup>17</sup>

Next, they implemented extremely obstructive labor laws to promote job security and improve worker's rights. These new laws prohibited the firing of excess workers and thus, prevented business owners from reducing their workforce in response to fluctuations in the market economy. In response to this intrusive policy, business owners were forced to use only temporary contract workers to avert unaffordable overhead costs and provide against economic uncertainty. In sum, these prohibitions discouraged potential entrepreneurs, inhibited economic growth and, consequently, amplified unemployment.<sup>18</sup>

Finally, in an effort to glean more public support and counter against rising economic uncertainty and demands of the Iran-Iraq war, Khomeini enacted a government subsidy system funded by oil revenues, which supplemented the costs of basic food items, utilities, and gasoline.<sup>19</sup> The program tended to favor the wealthy, however, since the subsidies targeted consumer goods, such as gasoline, of which individuals in the higher income bracket took greater advantage: the majority of lower income families did not even own a vehicle. According to Rieffer-Flanagan, the subsidy program, originally envisioned as a transitional program, "became an entrenched part of the system. . . [and] has been a drain on the economy" ever since.<sup>20</sup>

## Rafsanjani

In 1989, after Khomeini's death, Rafsanjani was elected president. He served two-terms as president until 1997 when he relinquished the position in accordance with the Iranian constitution.<sup>21</sup> Rafsanjani had ambitious ideas for which he gained significant political influence and public backing. He introduced large-scale plans to revitalize the Iranian economy, because he believed that the long-term stability of Iran was directly proportional to the Iranian people's standard of living.<sup>22</sup> According to Dr. Dariush Zahedi's study, *A Growing Crisis: The Impact of Sanctions and Regime Policies on Iranians' Economic and Social Rights*, Rafsanjani's strategic plan hinged on bureaucratic reforms, which included "de-nationalizing the economy," encouraging entrepreneurship, enticing foreign investors, revamping the subsidy system, and globalizing the Iranian economy.<sup>23</sup>

To implement his reforms and spark reconstruction and economic progress after the Iran-Iraq war, Rafsanjani borrowed approximately "\$30 billion in short-term loans."<sup>24</sup> Moreover, realizing the linchpin to his prosperous vision hinged on improved international relations, he took steps to improve ties with European nations, and more importantly, re-establish relations with the United States. Unfortunately, due to "Iran's support for terrorism, its opposition to the Arab-Israeli peace process, and its pursuit of weapons of mass destruction," in 1995, President Clinton issued executive orders that prohibited US companies from participating in Iranian "oil development projects" or even, trading with or investing in Iran."<sup>25</sup> This significantly impeded Rafsanjani's political and economic objectives. After the issuance of these executive orders, the value of Iran's currency plummeted, the cost of oil production increased, and the cost of borrowing and re-scheduling debt significantly increased.<sup>26</sup> The decline of the Iranian currency further prevented Rafsanjani from achieving a single exchange rate and reducing the

opportunities for corruption.<sup>27</sup> Finally, the loss of US consumers forced Iran's oil industry to incur additional costs. The need to solicit new customers forced the oil industry to offer discounted pricing, as well as, store the excess oil produced until it could be shipped, reducing its profit margin.<sup>28</sup>

Rafsanjani's increased borrowing to finance reconstruction efforts after the Iran-Iraq war; however, enabled the country to rebuild the majority of the nation's infrastructure.<sup>29</sup> Unfortunately, the compounding debt from borrowing efforts caused the nation to become more dependent on oil. The increased costs associated with oil production, foreign borrowing, and debt re-payment scheduling inadvertently increased the price for imports, which were subsequently, transferred onto the domestic consumer. The impact of these price hikes, along with the inflation caused by the decline in the Iranian currency, further hindered the population's ability to acquire basic economic needs, such as housing, food, and healthcare. Therefore, although Iran experienced an increase in oil production and annual economic growth during Rafsanjani's period of rule, it was not able to offset the increased debt created from the regime's exorbitant external financial efforts.<sup>30</sup>

## **Khatami**

After Rafsanjani's term expired, Khatami, a reformer who also favored a more democratic political system, won election as President for two consecutive terms. According to Rieffer-Flanagan, Khatami's political platform and reformist ideas appealed to the younger population.<sup>31</sup> Khatami sought to aggressively reduce the foreign debt created by Rafsanjani's reconstruction and diversification efforts, introduce a unified exchange rate, reduce the

bureaucracy of privatization, strengthen the nation's manufacturing base, and establish an oil stabilization fund.

Along with appealing to the younger generation, Khatami reform actions and democratic platform attracted attention and support from the US government. As such, President Clinton lifted the sanctions on "American exports of medical products, agricultural commodities, and certain civilian aircraft parts."<sup>32</sup> Furthermore, the Clinton administration authorized the importation of Iranian carpets, pistachios, and caviar by consumers and US businesses alike.<sup>33</sup> The relaxing of US sanctions from 1998 to 2002 fueled Khatami's reform efforts, advanced Iran's oil and gas production, and consequently increased its access to hard currency, which was critical to reducing foreign debt and modernizing its industrial base. Khatami's improvement of international relations, privatization efforts, and industrial commitments led to job creation, sustained economic growth, and thus, a broad improvement in the population's ability to acquire basic economic and social rights.

Additionally, Khatami's ingenious effort to create an oil stabilization fund increased Iran's ability to sustain its economic prosperity. The oil stabilization fund "insulated the country from fluctuations in the price of oil and funded loans to the private sector."<sup>34</sup> This new fund promoted entrepreneurship and further, diversified the economy.<sup>35</sup>

As with Rafsanjani, Khatami's reform program met unwavering opposition throughout his tenure from religious leaders and many conservatives in the political party. He did achieve, however, the majority of his objectives and ultimately, his actions resulted in the nation achieving a 6.8 percent increase in economic growth as well as a slight decline in unemployment.<sup>36</sup> Unfortunately, Khatami's reform efforts failed to reduce Iran's dependency on oil and imports or reduce the power of state-dominated organizations. Due to underlying tension

with the West and significant foreign debt, Iran's risk rating remained high: this continued to discourage foreign interest and investors.

## **Ahmadinejad**

After the expiration of Khatami's term of office in 2005, Ahmadinejad came into power. Due to his blue-collar upbringing, reform platform, and adamant opposition to corruption, he appealed to the younger, middle-lower class voting population. According to Rieffer-Flanagan, his main campaign slogan was centered on delivering the oil money to the people's dinner table.<sup>37</sup> At the beginning of Ahmadinejad's presidency, oil prices rose steadily, providing more flexibility and resources to support his economic reforms. Unfortunately for the Iranian population, Ahmadinejad and his unorthodox ideas proved to be devastating to the economy and a significant burden on the population's ability to improve their economic and social standing.

First, Ahmadinejad instituted a policy that supported the import business and discouraged the export of goods.<sup>38</sup> This policy created domestic import dependence for mostly consumer goods and increased competition between businesses that produced products for both the domestic and international markets and the import enterprises, which were mostly controlled by the political and religious elite.<sup>39</sup> Dependence on imports, and the resulting competition, caused a rapid decline in the country's manufacturing base. Furthermore, international tensions between Iran and westernized countries caused Iran to increase its trade with China, which produced lower quality, inferior products that did not appeal to the Iranian consumer base.

In an effort to reduce corruption and income inequality, Ahmadinejad adopted a subsidy rationalization program. This program was designed to reduce the "indiscriminate subsidies on a host of basic food items, energy, and utilities."<sup>40</sup> It sought to stop the drain on oil reserves, and at

the same time, rejuvenate the economy. According to Zahedi's research, prior to the subsidy revitalization program, subsidies "consumed up to one-third of the nation's GDP."<sup>41</sup>

Unfortunately, contrary to the plan of phasing out the program over 5 years, Ahmadinejad eliminated more than half of the subsidies in less than 24 hours. In an effort to offset the unexpected price hikes, the regime "provided monthly cash stipends of . . . approximately \$45 to virtually all of Iran's citizens, regardless of their age and income level."<sup>42</sup> This process failed to reduce the income gap though, and continued to create a burden on the oil-dominated revenues further adding to inflation.

Since Ahmadinejad concentrated mostly on consumer imports, he failed to continue the industrial modernization projects of his predecessors. When the regime revamped the subsidy program, the new law specifically ordered the government "to provide 30 percent of the savings from the phasing out of subsidies to the nation's industries" in order to offset increased costs associated with utilities.<sup>43</sup> This influx of funding was supposed to assist business owners with purchasing and installing more "energy-efficient machinery."<sup>44</sup> The manufacturing base needed extensive modernization to ensure the long-term survival and productivity because "the bulk of the economy (agriculture, industry, and transportation) operated at mid-20<sup>th</sup> century technological standards," according to Zahedi's study.<sup>45</sup> Unfortunately, Ahmadinejad diverted the savings to other projects—in his judgment, higher priority requirements. Additionally, the regime prohibited businesses from raising prices in response to the rising cost of imports and production and, in lieu of cash, only offered them loans or credit, which was not quickly or easily accessible through the banking system, further reducing their profit margin and ability to pay their workers.

Against expert advice and blinded by record oil prices, Ahmadinejad infused the Iranian economy with over \$531 billion during his tenure to achieve his campaign promises of reducing unemployment and improving the population's economic and social rights. Unfortunately, the government injected the majority of these funds into state-controlled industries or organizations, such as the bonyads. Zahedi's study documented how the regime used these funds to pressure banks to increase "cheap credit to unqualified and fictitious entrepreneurs and home buyers," as well as to fund national infrastructure improvement projects, the majority of which remain incomplete.<sup>46</sup> Finally, he utilized the oil stabilization fund to resource his reforms reducing the nation's ability to flex with the fluctuation of oil prices.<sup>47</sup>

Ahmadinejad's policies and actions weakened Iran's industrial base, significantly worsened inflation, increased the nation's dependence on imports, increased the nation's vulnerability to market fluctuations, and ultimately made Iran highly susceptible to economic sanctions. Lastly, in response to the tightening of US sanctions, Ahmadinejad defiantly restarted Iran's enrichment program and became more verbal and aggressive towards Israel, both of which resulted in increased sanctions and pressure and scrutiny from the international community.<sup>48</sup> As the pressure increased, so did the range and intensity of the sanctions and the international call for Iran's isolationism from the global market. Due to the abundance of oil revenues at the time, the Iranian government could endure sustained intensified sanctions as well as a reduction in foreign support. Although the government's sources of revenue remained unhampered by these sanctions, business owners and entrepreneurs began to feel the impact of the increased cost of doing business with foreign suppliers and consumers alike. The private firms suffered the most, because they could not access state-controlled oil revenues or benefit from the lower exchange rates.

In summary, although some economic reforms implemented enriched the Iranian economy and resulted in favorable economic growth, a slight decrease in unemployment, and improved living conditions for the general populace, the most current economic practices have caused more damage to the country's long-term economic prosperity. Finally, the Iranian government's mismanagement of oil revenues and continued dependence on one primary commodity, oil, has ultimately weakened the economy's ability to respond to market conditions and ultimately, making it more susceptible to international sanctions.

### **Ineffectiveness of US-imposed Economic Sanctions**

Human activists and economists alike have criticized the United States for the sanctions they have imposed on Iran since the US hostage crisis of 1979 due to their indiscriminate effects on human rights. Throughout history, however, sanctions have had limited success at achieving their political objectives. Additionally, globalization has undermined the effectiveness of unilateral economic sanctions.<sup>49</sup> The sanctions imposed on Iran by the United States have been primarily unilateral and intermittently enforced and thus, ineffective until approximately 2012, when the international community joined the US efforts to deter the Iranian regime from furthering their nuclear program.

In 1980, to strengthen the diplomatic efforts to free the hostages kidnapped from the US Embassy in Tehran, President Jimmy Carter imposed the first round of sanctions on Iran. The sanctions included a ban on all US trade with Iran.<sup>50</sup> Additionally, the US halted the delivery of military parts purchased by the Shah prior to the revolution.<sup>51</sup> After the release of the hostages, the US administration cancelled the restrictions.

Then, in 1984, after the bombing of the marine barracks in Lebanon killed 240 US service members, the Reagan administration restricted the World Bank from issuing loans to Iran. Furthermore, in 1987, the President re-enacted trade embargos with Iran in response to the Iranian Navy harassing commercial shipping in the Persian Gulf and Strait of Hormuz. Finally, the administration established a ban on dual-use technology, which prohibited the sale of commercial-off-the-shelf goods that could be adapted for military use, along with re-establishing the ban on Iranian oil.<sup>52</sup>

During President George H.W. Bush's tenure, sanctions remained partial and narrowly targeted and thus, ineffective largely due to the United States being the "largest single buyer of Iranian oil via the overseas subsidiaries of American companies." It was, therefore, extremely difficult for the administration to secure international backing and support when it could not even prevent its own companies from trading with Iran.<sup>53</sup>

During Clinton's presidency, sanctions intensified substantially. First, in 1995, the administration prohibited US involvement in "Iranian petroleum development" projects, blocking a \$1 billion contract for Conoco.<sup>54</sup> Additionally, President Clinton expanded restrictions to include all trade and investment in Iran's oil industry. Finally, in 1996, Congress passed the Iran-Libya Sanctions Act (ILSA) to discourage foreign investment in Iran's petroleum industry. Unfortunately, US diplomatic and economic efforts failed to change the Iranian regime's behavior. During his time in office, President Clinton also failed to curb US trade with Iran. In 1995, the United States was ranked as Iran's third largest trading partner."<sup>55</sup> The United States faced great difficulties in gaining international support for ILSA economic sanctions and trade restrictions.

In 2005, President George W. Bush began targeting assets of both Iranian businesses and individuals suspected of supporting terrorism or proliferating weapons of mass destruction.<sup>56</sup> In addition, President Bush focused on foreign companies that were suspected of supporting “Iran’s nuclear and missile programs.”<sup>57</sup> Similar to sanctions and laws enacted by previous administrations, Bush’s policies failed to change the behaviors of either Iran or the international partners due to the world’s growing dependence on oil.

Finally, in 2010, the Obama administration enacted the Comprehensive Iran Sanctions, Accountability, and Divestment Act (CISADA), which implemented the most restrictive sanctions of any previous executive actions. It “tightened U.S. sanctions . . . and enacted numerous legal restrictions previously made under presidential executive orders.”<sup>58</sup> It also targeted Iran’s import of refined petroleum products, sold by foreign companies. Finally, due to the increased risk to potential investors, the Security and Exchange Commission (SEC) began to require firms to disclose all its activities in Iran. Iran’s economy did not start experiencing the effects of the sanctions, though, until the international community began enforcing the sanctions and the International Monetary Fund froze Iran out of the international banking system.

For years, critics have directly correlated the US-imposed sanctions on Iran with the country’s rising unemployment, rising inflation rate, declining living standards, and declining access to affordable healthcare. For example, in her article, *The Effects of the Economic Sanctions against Iran*, Mina Khanlarzadeh, blamed economic sanctions for the rise in Iran’s inflation rate as well as “deteriorating [the] living conditions” of the population.<sup>59</sup> Furthermore, she blamed the rising costs of medical care and the availability of medicine and medical supplies on economic sanctions, although the sanctions did not apply to humanitarian supplies and

shipments.<sup>60</sup> Finally, she claimed that the preponderance of the population believed the West was directly responsible for their hardships.

Although, the US embargos have affected the Iranian oil trade, the impact has been relatively minor because Iran has been able to increase its trade with other nations to offset the loss of US customers. According to Eliyahu Kanovsky, US sanctions have had minimal impact on Iran's economy, "because other major industrialized countries are not only not participating in [them], but happily making the business deals that American firms are compelled to refuse."<sup>61</sup> Additionally, multiple sources have indicated that the economic decline and hardships levied on the population did not come primarily from the economic sanctions. Rather, the practices of the Iranian government and its discrimination in the distribution of hard currency and oil revenues have caused much of the suffering. For example, support and funding for military purposes and the nuclear program continues to rise. The government has opted to direct limited hard currency resources to security and intelligence requirements instead of funding medical and humanitarian supplies. Although the economic sanctions may have had a minor impact on inflation, it was not until after the International Monetary Fund restricted Iran's access to the international banking system, and cut off its access to foreign payments for its oil exports, did the sanctions begin to affect the purchasing power of its currency. To offset these effects, the Iranian government has been successful at developing creative ways of re-directing payments, such as by bartering with international consumers or turning to gold to circumvent the imposed restrictions. According to Scott Hanke, a professor of Applied Economics at John Hopkins University,

Iranians have turned to gold as a stable, non-traceable store of value and a reliable medium of exchange. Much of this gold has come from Turkey, which is heavily dependent on Iranian natural gas. While Turkey — under pressure from its Western allies — has suspended gold exports to Iran via the Turkish banking system, this has not stopped private couriers from facilitating the Turkish-Iranian gold-for-natural-gas trade, primarily via the U.A.E.<sup>62</sup>

Critics of economic sanctions have tried to capture the Iranian population's increasing distaste for the US-imposed sanctions and their subsequent impact on basic economic and social rights. These stories, however, inadvertently have highlighted the population's realization of the regime's manipulation of the restrictions and its discriminatory distribution of resources, which, in actuality, have been responsible for the continual increase in economic inequality. For example, in her article, Khanlarzadeh illustrated the impact of economic sanctions through the eyes of a female university lecturer who was laid off from her government job in March 2013. The lecturer stated that "sanctions . . . affected [her] life . . . in two ways: . . . unaffordable life expenses, and . . . [her] former boss's [use of] the sanctions to justify late payments, lack of payments, and harsher work conditions."<sup>63</sup> Therefore, she recognized that government actions rather than sanctions alone deprived her of her basic economic and social rights. Although, the sanctions caused budget constraints; she attributed her hardships to her boss' "unequally distributed resources among the employees;" acknowledging he favored those employees who shared his political views.<sup>64</sup>

In another case, Khanlarzadeh interviewed a bookstore salesman. According to the salesman, "a wave of deterioration of living conditions and destruction has been imposed on Iran by the economic sanctions and when this wave reaches the country, it is unequally distributed among citizens."<sup>65</sup> Similar to the lecturer, the salesman understood that the sanctions negatively impacted medical care, employment, and the population's ability to acquire basic economic and social rights. However, he also recognized that the government was increasing the intensity of the suffering for the people. The salesman also noted that government corruption had increased and "those living in poverty and . . . outside of the popular base of the government suffered the effects of sanctions more."<sup>66</sup> Finally, a non-state controlled publishing company owner, polled

by Khanlarzadeh, acknowledged that the government was hiding behind the sanctions to justify its discrimination in distributed wealth, further violating human rights and fueling corruption.<sup>67</sup>

These observations have further supported the theory that economic sanctions alone have not caused the decline in the economic and social rights of the Iranian people; but in fact, it have been the government's unfair, corrupt economic practices and poor economic reform policies that have driven up inflation. As a result, business owners cannot import necessary supplies to produce goods and services, forcing them to delay payments to their workers or lay them off. These employees now must choose between paying rent, purchasing medicine, or acquiring basic necessities. This vicious cycle was already in action, but the sanctions, that began to be universally enforced in 2012, greatly exacerbated the effects. Additionally, as the Iranian government has found alternative ways of accessing its oil revenues and continuing to resource its nuclear weapons program, they have hidden behind sanctions in an effort to re-direct anger and discontent away from the political elite and to the Western world.

### **Impact of Iran's Economic Policies on Human Rights**

Since 1979, the regime's economic policies have had a direct effect on four main categories of economic rights: employment, sustenance, education, and healthcare. The government's economic policies influence each category independently. However, a decline or negative affect experienced by one will subsequently hurt people in the other categories. This creates an overpowering cycle that continually contributes to the downward spiral of the Iranian economy, unless the government changes its policies.

## Employment

In addition to the increasing amount of youths graduating from post-secondary schools, the state-dominated industries have reserved jobs for “Islamically” correct employees, further decreasing job opportunities. Due to this hiring methodology, the few available senior government and management positions in state-controlled industries end up being filled with “unqualified candidates . . . [contributing to] ‘widespread weakness in basic management skills’. . . [which result in] lower professional . . . standards and promotion [of] mediocrity rather than excellence.”<sup>68</sup>

In an effort to reduce unemployment, the state-dominated industries have maintained redundant employees. According to “Iran’s Organization for Employment Affairs, the ‘productive labor of each government employee is less than one hour per day.’”<sup>69</sup> Since labor demand has been insufficient to support the redundant employees, the government has subsidized businesses who maintain excess employees. However, the workforce redundancies and supporting subsidies have resulted in late payment of employee wages and imposed an increased drain on the oil revenues. These factors have prevented the regime from re-allocating funds to support national-level programs, such as modernizing infrastructure, improving agriculture, or funding healthcare.

Due to the regime’s failure to invest in infrastructure and support manufacturing businesses, Iran has experienced a sharp decline in manufacturing: approximately 67 percent of businesses have closed or are projected to close.<sup>70</sup> Lack of revenue has forced businesses to not pay their workers and eventually lay off workers or reduce salaries below the poverty line. Ultimately, this has led to a drastic decline in the population’s standard of living.<sup>71</sup> In such conditions of sharply declining labor demand, employers have chosen to lay off women before

men, thus strengthening gender inequality. In sum, declining demand in the domestic markets, the abrupt stop of subsidies, and restrictive labor laws have made it increasingly difficult for businesses, especially in manufacturing and agricultural fields, to cover daily operating costs, which, in turn, force business owners to reduce their labor base. Ultimately, this has weakened the nation's industrial base and made the country more susceptible to international sanctions.

## **Sustenance**

Falling incomes along with inflation and skyrocketing costs of basic necessities, such as housing, meat, vegetables, etc., have limited consumer choices and accessibility to basic food items. As such, a growing majority of the population has been forced to choose between paying rent or sustaining a well-balanced diet. In Zahedi's study, he noted that "the 5 million workers who do not own their homes have to devote 50 to 100 percent of their income to rent each month."<sup>72</sup> According to Kanovsky, the distressing economic situation that has plagued the Iranian population "has even forced low-income families 'to sell their durable holdings, such as carpets and jewelry, as a means of meeting their most fundamental requirements'."<sup>73</sup>

Along with unemployment impacting the population's ability to sustain basic diet requirements, the regime's minimal support for agricultural development and decreasing interest in developing sustainable export businesses made the country unable to produce a sustainable food supply, increasing its dependence on imported food and agricultural supplies, such as feed for livestock. In 2011 alone, the World Bank reported that 14 percent of imports were for food items.<sup>74</sup> Subsequently, the reduction of imports and the population's inability to afford the basics of nutrition has caused an alarming decline in food safety, nutritional dietary options, and daily

consumption among the majority of the population, “thus significantly degrading public health.”<sup>75</sup>

## **Education**

Prior to the 1979 Revolution, the Shah made education for both males and females a high priority. He heavily supported study-abroad programs. Immediately after the revolution though, the regime closed many of the universities, under the guise of “Islamization” of education. The government purged the faulty and curriculum of Westernized thought and influence.<sup>76</sup> In addition, because of the revolution, the majority of professors and educators fled Iran to avoid prosecution and pursue more lucrative employment opportunities. According to Kanovsky, when the universities reopened, students suffered from much more discrimination and the majority of the limited slots were “reserved for politically endorsed candidates who [were] not required to take the standard entrance examination.”<sup>77</sup> Additionally, the regime invested less in education than most developing countries.<sup>78</sup> Policies of educating only those who conformed to “Islamically” correct standards resulted in unmotivated graduates with inadequate knowledge and skills. The workforce gained more ineffective managers and unqualified or less proficient technicians. Moreover, due to the limited job opportunities, approximately 85 percent of students studying abroad failed to return to Iran at the conclusion of their studies. Instead, these students chose to seek better opportunities elsewhere, furthering Iran’s brain drain.<sup>79</sup> Finally, although the regime did not prohibit females from attending universities, they restricted their educational opportunities by preventing female applicants from studying in some technical or scientific fields of study. Females received greater levels of admission to universities if they chose to pursue more vocational professions, such as nursing or teaching.

According to Zahedi's study, "roughly 98 percent of Iranians between the ages of 15 to 24 are literate," and approximately 9.5 million Iranians possess a post-secondary degree.<sup>80</sup> However, due to approximately 80 percent of Iranian industries being state-dominated—coupled with the youth bulge—unemployment rates run high. Therefore, the majority of educated youths lack employment and cannot enjoy their basic economic and social rights. According to Kanovsky, the fact that graduates have only sought "white collar" jobs and "will not accept manual labor jobs in agriculture, construction, or industry," has further compounded the country's unemployment problem.<sup>81</sup> Thus, unemployment or minimal wages have led to an increase in black market or illicit activities as these educated youth seek to generate additional personal income. According to Kanovsky, these types of activities have skyrocketed since the revolution, jumping an estimated 350 percent.<sup>82</sup>

## Healthcare

Due to the regime's policies and inflation, the cost of healthcare has sharply increased while the availability of medicine has declined. Iran's medical sector imports almost 100 percent of its medical equipment, machinery, and the raw materials required to produce pharmaceuticals.<sup>83</sup> During Zahedi's research, he was informed by a pharmacist that "roughly 97 percent of the nation's requisite annual medication is produced internally; . . . [however, the] companies are dependent on . . . 80 percent . . . [of imported] raw materials."<sup>84</sup> The increase in import prices and decrease in supply has put certain medications out of reach of all but the wealthy, especially advanced drugs for serious illnesses, such as cancer, AIDs, and heart disease. The regime's lack of hard currency support for the Ministry of Health has further exacerbated the effects of the sanctions. Most of the supporters of the sanctions have continually pointed out that

the sanctions did not prohibit access to humanitarian supplies. However, regulations on shipments are not the only issue plaguing the medical sector.

In actuality, isolation from the international banking system has delayed, or even prevented, the medical sector from transferring payments to their international suppliers. Due to Iran's inability to acquire loans or credit through the international banking system, the Ministry of Health and pharmaceutical companies desperately need hard currency to pay their suppliers. However, the regime controls the hard currency and has failed to transfer it to the Ministry of Health at the "lowest subsidized rate."<sup>85</sup> In addition, the regime has failed "to allocate to the healthcare sector its share of the savings from the subsidies reform program" further adding to the crisis.<sup>86</sup>

Finally, insurance companies, doctors, and hospitals must pass their increased costs on to their patients. For example, insurance companies have either reduced the amount of coverage or cancelled policies for patients with advanced diseases. Zahedi's research showed that the Ministry of Health estimated that "patients now have to pay between 50 and 70 percent of the cost of treatment."<sup>87</sup> Additionally, the cost of seeing a physician has skyrocketed, as they increase their fees to keep their income in line with the cost of inflation. They then blamed the sanctions—and the government's corruption—in order to justify their fee hikes to the patient. Finally, elderly patients or patients with long-term or terminal illnesses sometimes feel compelled to refuse treatment or stop taking medication altogether to spare their families from enduring the long-term financial burden.

In conclusion, according Zahedi's study, the impact of unemployment, malnutrition, and the rising costs of healthcare have created an enduring economic strain on families and as such, have consequently impacted education and violated children's rights. Due to increased living and

educational costs, parents have withdrawn children, especially girls, from schools and forced them into child marriages or child labor.<sup>88</sup>

### **Future Predictions**

Unless the regime changes its economic policies, Iran will continue its downward spiral, increasingly polarizing its society and laying on the middle/lower classes the economic burden of the regime's domestic policies. Therefore, the Iranian leadership needs to look at new economic reforms to establish a stable investment climate through improved international relations, as well as re-evaluating its subsidy reform program and re-growing its oil stabilization fund. The current economic environment hinders Iran's ability to adapt to changing global markets, whereas other Westernized states have more flexibility. According to the *Global Trends 2025: A Transformed World* report, plunging oil prices will be detrimental to economic reform for countries, like Iran, that depend heavily on oil revenues. If oil prices drop, Iran will have hard choices to make between its "populist economic programs and sustaining funding for intelligence and security operations . . . designed to extend its regional power."<sup>89</sup>

Proposed economic reform include improved economic freedom, such as foreign investment enticements, reduction of oil export dependence, increased privatization, establishment of a single exchange rate, and ultimately, reduction of inefficiencies and corruption within the government.

According to the 2014 Index of Economic Freedom, Iran has a "repressed" economy with a rating of 40.3 (on a scale of 100) and is ranked 173 in the world.<sup>90</sup> It has been graded by the index for approximately 20 years, but has made minimal progress over those years. Although the index praised Iran for improvements in fiscal freedom and a reduction in corruption, the

country's economic freedom has deteriorated sharply in the labor freedom category due to rigidity in the labor market and governmental interference in job creation and employment practices. Additionally, the government's isolationist attitude and barriers to foreign investment continue to impede the sustainability of the private sector industries. Finally, the government's restrictive policies and mismanagement inhibit growth and prosperity in the private sector.<sup>91</sup> In an effort to improve the labor market, the regime needs to reassess its subsidy reform program, reduce subsidies for state-dominated industries and bonyads while allocating the savings from the reform program to industrial modernization and the medical sector, as well as requiring state-dominated enterprises to pay taxes. According to Hanke, in his article *Iran's Death Spiral*, "subsidies and tax incentives . . . distort economic choices and resource allocation, and retard economic growth."<sup>92</sup> Furthermore, Iran's regime needs to reassess its isolationist approach to foreign investors. Per Hanke, trade freedom with the international marketplace "stimulates economic growth . . . [especially] in small economies, where real competition can only be obtained by allowing foreign producers to compete freely in domestic markets."<sup>93</sup> To provide incentives to foreign investors, the regime must first improve the rule of law and continue to reduce corruption while enhancing market security.

Iran can improve its economic resiliency by reducing its economy's dependence on oil. Due to the fluidity of the market, any dependence on one dominant export can lead to market instability and create a high-risk economy without a safety net, especially in a market such as oil, which fluctuates with great volatility. The Organization of Petroleum Exporting Countries (OPEC) tries to control production rates and set prices to stabilize the petroleum markets and to prevent any one country from forcing prices up and causing a serious geopolitical and geoeconomic situation. According to the Export Finance and Insurance Corporation country

profile of Iran, Iran's oil sector is responsible for "80 [percent] of [its] exports and 65 [percent] of [its] government revenue," which significantly hampers the government's ability to respond to and "shield the economy from oil price cycles."<sup>94</sup> To protect its economy and ease the impact of price fluctuations, Iran needs to diversify its export industry.

In an effort to diversify its export industry, rejuvenate its domestic marketplace, and stimulate its economy, Iran should increase privatization. According to available statistics, over 70 percent of businesses in Iran are state-controlled; however, according to Hanke, "state-owned enterprises are inefficient . . . [and] accounting losses . . . are passed on to taxpayers."<sup>95</sup> Since the state subsidizes the enterprises it controls, it passes inefficiencies onto the consumer. Managers of these industries face very little pressure to modernize, improve profits, or curtail corruption. As such, employees in these enterprises produce far less than those in private enterprises.

In order to reduce the cost of doing business in Iran and slow the polarization of economic inequality, the government needs to establish a single exchange rate. Currently, the multiple exchange rates favor the affluent over the middle-class and poor. In an effort to support Iran's export industry, the government applies lower exchange rates to exports than imports; reducing the cost of exports for its international consumers. On the other hand, the government forces importers to use a higher exchange rate, which increases the cost of doing business in Iran because businesses must import the majority of their machinery and raw materials. Naturally, the consumer pays the increased cost of imports. Multiple exchange rates also favor the black market, where the illegal enterprises can acquire goods at the lower exchange rate, and then sell them at a higher price in order to boost profits.

Finally, to improve economic freedom, entice foreign investors, and stimulate economic growth, the regime needs to reduce inefficiencies and corruption. Although Iran has been lauded

for an increase in freedom from corruption, as measured by the 2014 Index of Economic Freedom, the report still recognizes the prevalent role of corruption in the economy. The political or religious elite own the majority of state-controlled industries or charitable foundations, so they directly benefit from practices such as tax-exemptions, subsidies, and lower exchange rates for exports. In order to reduce inefficiencies and the corruption permeating through government enterprises, Hanke argues that the government must provide the public with published financial statements, as well as, subjecting these foundations and businesses to independent audits.<sup>96</sup> Publicly reviewed and independently audited financial statements will increase the fiduciary accountability of foreign exchange reserves and oil revenues, and establish oversight for government expenditures to balance the presidential initiatives with the interest of the population.

In conclusion, according to the Export Finance and Insurance Corporation, as of April 2012,

Iran's per capita income . . . gave it 'upper middle class' status and living standards on par with countries such as Serbia, Belarus, and Namibia; [however, there are] . . . wide economic inequalities caused by high youth unemployment, rural development, and frequent shortages of basic foodstuffs.<sup>97</sup>

The government needs to address these issues to reverse its current downward spiral.

### **Conclusion**

In conclusion, the US-imposed economic sanctions have only amplified the economic effects of the government's mismanagement. Corruption and inefficiencies within the government have contributed to the polarization of the Iranian society, leading to delayed payment of wages to workers, reduced access to education and healthcare, and ultimately,

impeded the population's ability to acquire economic and social rights. As such, the regime's economic mismanagement has worsened the human rights situation in Iran. In order to improve economic and social rights in Iran, the regime must drastically change its policies to allow economic freedom by reducing isolationism and attracting foreign investors by diversifying its economy through privatization, reducing governmental inefficiencies and corruption, and finally, re-focusing economic reforms on education, job creation, agriculture, and healthcare. The population can no longer continue to endure the economic burden levied on them by the regime. Without drastic measures, the regime's current economic practices may possibly lead to regional instability and a catastrophic human rights crisis in Iran.

#### End Notes:

<sup>1</sup> Note: Statistical data provided by the Iranian government is known to misrepresent facts and has been frequently criticized for over-exaggerating social and economic indicators to indicate a more favorable picture than actually exists. Dariush Zahedi, "A Growing Crisis: The Impact of Sanctions and Regime Policies on Iranian's Economic and Social Rights," *International Campaign for Human Rights in Iran*. 29 April 2013, 132, [http://www.iranhumanrights.org/2013/04/growing\\_crisis/](http://www.iranhumanrights.org/2013/04/growing_crisis/).

<sup>2</sup> United Nations Human Rights, "What are human rights?," <http://www.ohchr.org/EN/Issues/Pages/WhatareHumanRights.aspx>.

<sup>3</sup> Mohmood Monshipouri, "Islamic Thinking and the Internationalization of Human Rights," *The Muslim World* 84, no. 2-3 (July-October 1994): 218-219.

<sup>4</sup> Ibid, 221, 234.

<sup>5</sup> Zachary Karabell, "Chapter 8: Iran and Human Rights," in *Human Rights and Comparative Foreign Policy: Foundation of Peace*, ed. David P. Forsythe, (Tokyo, Japan: United Nations University, 2000), 173, <http://www.corteidh.or.cr/tablas/27531.pdf>.

<sup>6</sup> Khashayar Joneidi, "Cyrus Cylinder: How a Persian monarch inspired Jefferson," BBC Persia, 11 March 2013, <http://www.bbc.co.uk/news/uk-scotland-north-east-orkney-shetland-21938247>. The Cyrus Cylinder is a baked clay cylinder, created by the Persian king, Cyrus the Great, after he conquered the ancient city of Babylon in 539 BC. According to the Iran Chamber Society, the passages [inscribed on] the cylinder . . . expressed Cyrus' respect for humanity . . . promoted a form of religious tolerance and freedom and . . . his generous and humane policies," and as such, have inspired iconic leaders and promulgated religious, ethnic, and cultural sensitivity throughout history. (Ibid)

<sup>7</sup> Amnesty International, *The Human Rights Situation in the Islamic Republic of Iran: Amnesty International's written statement to the 25th session of the UN Human Rights Council (3-28 March 2014)*, 2, <http://www.amnesty.org/en/library/info/MDE13/010/2014/en>.

<sup>8</sup> Amnesty International, "Economic, Social, and Cultural Rights." <http://www.amnesty.org/en/economic-social-and-cultural-rights>.

<sup>9</sup> The Universal Declaration of Human Rights, art. 25. <http://www.un.org/en/documents/udhr/index.shtml#a25>. (Chicago, 17.356)

<sup>10</sup> The Universal Declaration of Human Rights, art. 26. <http://www.un.org/en/documents/udhr/index.shtml#a26>. (Chicago, 17.356)

<sup>11</sup> Mohmood Monshipouri, "Islamic Thinking and the Internationalization of Human Rights," 234.

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- <sup>12</sup> Jahangir Amuzegar, *Iran's Economy under the Islamic Republic*, (New York, NY: I.B. Tauris & Co Ltd, 1993), 17.
- <sup>13</sup> Barbara A. Rieffer-Flanagan, *Evolving Iran: An Introduction to Politics and Problems in the Islamic Republic*, (Washington, DC: Georgetown University Press, 2013), 57-59.
- <sup>14</sup> Ibid, 57-59.
- <sup>15</sup> Dariush Zahedi, "A Growing Crisis: The Impact of Sanctions and Regime Policies on Iranian's Economic and Social Rights," *International Campaign for Human Rights in Iran*. 29 April 2013, 43, [http://www.iranhumanrights.org/2013/04/growing\\_crisis/](http://www.iranhumanrights.org/2013/04/growing_crisis/).
- <sup>16</sup> Ibid, 44.
- <sup>17</sup> Ibid, 43.
- <sup>18</sup> Ibid, 45.
- <sup>19</sup> Ibid, 46.
- <sup>20</sup> Barbara A. Rieffer-Flanagan, *Evolving Iran*, 186.
- <sup>21</sup> Barbara A. Rieffer-Flanagan, *Evolving Iran*, 92.
- <sup>22</sup> Dariush Zahedi, "A Growing Crisis," 50.
- <sup>23</sup> Ibid, 51.
- <sup>24</sup> Ibid, 56.
- <sup>25</sup> Ibid, 52.
- <sup>26</sup> Ibid, 54-55.
- <sup>27</sup> Ibid, 54.
- <sup>28</sup> Ibid, 55.
- <sup>29</sup> Ibid, 57.
- <sup>30</sup> Ibid, 57.
- <sup>31</sup> Barbara A. Rieffer-Flanagan, *Evolving Iran*, 63.
- <sup>32</sup> Dariush Zahedi, "A Growing Crisis," 61.
- <sup>33</sup> Ibid, 62.
- <sup>34</sup> Ibid, 64.
- <sup>35</sup> Ibid, 64.
- <sup>36</sup> Ibid, 65.
- <sup>37</sup> Barbara A. Rieffer-Flanagan, *Evolving Iran*, 194.
- <sup>38</sup> Dariush Zahedi, "A Growing Crisis," 83.
- <sup>39</sup> Ibid, 83.
- <sup>40</sup> Ibid, 85.
- <sup>41</sup> Ibid, 85.
- <sup>42</sup> Ibid, 85.
- <sup>43</sup> Ibid, 86.
- <sup>44</sup> Ibid, 86.
- <sup>45</sup> Ibid, 86.
- <sup>46</sup> Ibid 80.
- <sup>47</sup> Barbara A. Rieffer-Flanagan, *Evolving Iran*, 194.
- <sup>48</sup> Dariush Zahedi, "A Growing Crisis," 67.
- <sup>49</sup> Kimberly Ann Elliot, Gary Clyde Hufbauer, and Barbara Oegg, "Sanctions," *The Concise Encyclopedia of Economics*, 2008, 3, <https://www.econlib.org/cgi-bin/pintcee.pl>.
- <sup>50</sup> Patrick Clawson, "U.S. Sanctions," *Iran Primer*, <http://iranprimer.usip.org/resource/us-sanctions>.
- <sup>51</sup> Kenneth M. Pollack, *The Persian Puzzle: The Conflict between Iran and America*, (New York, NY: Random House Inc., 2004), 164.
- <sup>52</sup> Patrick Clawson, "U.S. Sanctions."
- <sup>53</sup> Kenneth M. Pollack, *The Persian Puzzle*, 263.
- <sup>54</sup> Patrick Clawson, "U.S. Sanctions."
- <sup>55</sup> Kenneth M. Pollack, *The Persian Puzzle*, 270.
- <sup>56</sup> Patrick Clawson, "U.S. Sanctions."
- <sup>57</sup> Ibid.
- <sup>58</sup> Ibid.
- <sup>59</sup> Mina Khanlarzadeh, "The Effects of the Economic Sanctions against Iran," July 26 2013, <http://www.jadaliyya.com/pages/index/13200/the-effects-of-the-economic-sanctions-against-iran>.

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- <sup>60</sup> Ibid.
- <sup>61</sup> Eliyahu Kanovsky, *Iran's Economic Morass: Mismanagement and Decline under the Islamic Republic*, (Washington D.C: The Washington Institute for Near East Policy, 1997), 69, [http://www.washingtoninstitute.org/uploads/Documents/pubs/PP\\_44\\_IransEconomicMorass.pdf](http://www.washingtoninstitute.org/uploads/Documents/pubs/PP_44_IransEconomicMorass.pdf).
- <sup>62</sup> Steve H. Hanke, "On the Failure of the Iranian Sanctions," *Cato Institute*, February 2013 issue of *Globe Asia*, <http://www.cato.org/publications/commentary/failure-iranian-sanctions>.
- <sup>63</sup> Mina Khanlarzadeh, "The Effects of the Economic Sanctions against Iran."
- <sup>64</sup> Ibid.
- <sup>65</sup> Ibid.
- <sup>66</sup> Ibid.
- <sup>67</sup> Ibid.
- <sup>68</sup> Eliyahu Kanovsky, *Iran's Economic Morass*, 66..
- <sup>69</sup> Ibid, 46.
- <sup>70</sup> Dariush Zahedi, "A Growing Crisis," 116.
- <sup>71</sup> Ibid, 116.
- <sup>72</sup> Ibid, 120.
- <sup>73</sup> Eliyahu Kanovsky, *Iran's Economic Morass*, 56.
- <sup>74</sup> The World Bank, "Data: Iran, Islamic Rep," <http://search.worldbank.org/data?qterm=iran%20imports&language=EN>.
- <sup>75</sup> Dariush Zahedi, "A Growing Crisis," 123.
- <sup>76</sup> Eliyahu Kanovsky, *Iran's Economic Morass*, 48.
- <sup>77</sup> Ibid, 48.
- <sup>78</sup> Ibid, 48.
- <sup>79</sup> Ibid, 49.
- <sup>80</sup> Dariush Zahedi, "A Growing Crisis," 34.
- <sup>81</sup> Eliyahu Kanovsky, *Iran's Economic Morass*, 47..
- <sup>82</sup> Statistical data available on black market or illicit activities is limited. The most current statistics are as of 1991. Eliyahu Kanovsky, *Iran's Economic Morass*, 46.
- <sup>83</sup> Ibid, 145.
- <sup>84</sup> Ibid, 145.
- <sup>85</sup> Ibid, 148.
- <sup>86</sup> Ibid, 148.
- <sup>87</sup> Ibid, 150.
- <sup>88</sup> Ibid, 125.
- <sup>89</sup> National Intelligence Council, *Global Trends 2025: A Transformed World*, NIC-2008-003 (Washington DC: US Government Printing Office, 2008), 51. [www.dni.gov/nic/NIC\\_2025\\_project.html](http://www.dni.gov/nic/NIC_2025_project.html).
- <sup>90</sup> The Heritage Foundation, "2014 Index of Economic Freedom," <http://www.heritage.org/index/ranking>. (Chicago, 17.237)
- <sup>91</sup> Ibid.
- <sup>92</sup> Steve H. Hanke, "Iran's Death Spiral," *Cato Institute*, October 2009 issue of *Globe Asia*, <http://www.cato.org/publications/commentary/irans-death-spiral>.
- <sup>93</sup> Ibid.
- <sup>94</sup> Australian Government Export Finance and Insurance Corporation, "Country Profile," [www.efic.gov.au](http://www.efic.gov.au). (Chicago, 17.237)
- <sup>95</sup> Steve H. Hanke, "Iran's Death Spiral."
- <sup>96</sup> Ibid.
- <sup>97</sup> Australian Government Export Finance and Insurance Corporation, "Country Profile."

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